Docket Rm
Jason
Susan
Connie
JD
Larry

CHESAPEAKE UTILITIES

RECEIVED

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DELAWARE P.S.C.

May 2, 2013

Ms. Alisa Bentley, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904

RE: Chesapeake Utilities Corporation – PSC Docket No. 12-450F
Rebuttal Testimony

Dear Ms. Bentley:

Enclosed for filing are an original and ten (10) copies of Chesapeake Utilities Corporation's ("Chesapeake") Rebuttal Testimony in the above referenced Gas Sales Service Rate docket.

Should you have any questions with regard to the submission of this Rebuttal Testimony, please contact me at 302.734.6742.

Sincerely,

Jeffrey R. Tietbohl

Jeffrey R. Tietbohl
Vice President

Enclosures

Cc: Service List

Chesapeake Utilities Corporation
350 South Queen Street • Dover, Delaware 19904 • 302.734.6797 • 302.735.3061 / fax
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BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE SUPPLEMENTAL APPLICATION OF CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL OF A CHANGE IN ITS GAS SALES SERVICE RATES ("GSR") TO BE EFFECTIVE NOVEMBER 1, 2012	)))))	P.S.C. DOCKET NO. 12-450F

CERTIFICATE OF SERVICE

I, Jeffrey R. Tietbohl, do hereby certify that on May 2, 2013, a copy of the included testimony that appears as Chesapeake Utilities Corporation – Delaware Division, Rebuttal Testimony of Jeffrey R. Tietbohl was issued to the following persons in the manner indicated:

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Jeffrey R. Tietbohl

Jeffrey R. Tietbohl
Vice President

BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION OF	)	
CHESAPEAKE UTILITIES CORPORATION	)	
FOR APPROVAL OF A CHANGE IN ITS	)	P.S.C. DOCKET NO. 12-450F
GAS SALES SERVICE RATES ("GSR")	)	
TO BE EFFECTIVE NOVEMBER 1, 2012	)	

REBUTTAL TESTIMONY OF

JEFFREY R. TIETBOHL

On Behalf of Chesapeake Utilities Corporation

Delaware Division

Submitted for filing: May 2, 2013

Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

A. My name is Jeffrey R. Tietbohl. I am a Vice President of Chesapeake Utilities Corporation ("Chesapeake" or "the Company"). My business address is 350 South Queen Street, Dover, Delaware 19904.

Q. HAVE YOU PRESENTED PRIOR TESTIMONY IN PSC DOCKET NO. 12-450F?

A. Yes. I submitted direct testimony on September 21, 2012 in support of the Company's Gas Sales Service Rate ("GSR") application in the above-captioned docket.

Q. WHAT IS THE PURPOSE OF THE COMPANY'S REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. The purpose of the Company's rebuttal testimony in this docket is to respond to the direct testimony submitted on March 26, 2013, by Public Service Commission Staff ("Staff") Witnesses Jason R. Smith and Jerome D. Mierzwa and the Attorney General ("AG") Witness Andrea C. Crane.

Q. PLEASE STATE HOW YOUR REBUTTAL TESTIMONY WILL BE ORGANIZED?

A. My rebuttal testimony will first summarize the recommendations and comments made by the Witnesses. I will then respond to specific comments and recommendations made by each Witness in their respective testimonies.

Q. PLEASE SUMMARIZE THE RECOMMENDATIONS MADE BY COMMISSION STAFF WITNESS SMITH IN THIS GSR DOCKET.

A. On Page 5, Lines 11-15, and Page 11, Lines 21-23 of his testimony, Commission Staff Witness Smith provides the following recommendations:

1. Staff has reviewed the Company's Application as well as the supporting schedules. Based on that review, as well as the responses and documentation provided during discovery and informal follow-up conferences, Staff recommends that the Commission approve the GSR and firm balancing rates as submitted by the Company. Staff finds that the rates are just and reasonable and are in the public interest.

2. Staff does not support the inclusion of [the recovery of $50,000 for the cost of the Planalytics EnergyBuyer Software] in the development of the commodity rate for the Company's current firm gas costs and asks that it be disallowed.

Q. PLEASE SUMMARIZE THE RECOMMENDATIONS MADE BY COMMISSION STAFF WITNESS MIERZWA IN THIS GSR DOCKET.

A. On Page 3, Lines 16-29, and Page 4, Lines 1-18, Staff Witness Mierzwa provides the following summary of his recommendations and comments:

1. Chesapeake's most recent lost and unaccounted-for ("LAUF") gas experience has increased by more than 40 percent over historical levels. The Company has not yet been able to determine the cause of the significant increase in LAUF. I recommend that upon the completion of the Company's investigation, it be required to file a report with the Commission presenting its findings. The Commission should not accept Chesapeake's claim for increased LAUF until the Company's investigation is complete and the reasonableness of the increase can be assessed.

2. Chesapeake reserves capacity on Eastern Shore Natural Gas ("ESNG") to meet the design peak day demands of its firm sales and firm transportation customers. Firm transportation customers pay for the capacity reserved on their behalf by acquiring this capacity through capacity release. Chesapeake has reserved sufficient ESNG capacity to meet the demands [of] all of its customers for the foreseeable future. Chesapeake should not acquire additional ESNG capacity unless it receives Commission approval to do so; and

3. Chesapeake reserves capacity on interstate pipelines upstream of ESNG to meet the design peak day demands [of] its firm sales and firm transportation customers. However, this upstream capacity is not released to firm transportation customers and is largely paid for by firm sales customers. This is unreasonable. Therefore, I recommend that Chesapeake be required to reduce its non-storage upstream pipeline capacity on a non-recallable basis and terminating contracts where feasible. The Company should be required to make a filing with the Commission and the parties to this proceeding within 30 days of an order in this proceeding identifying how it intends to reduce its upstream capacity. The Company should obtain Commission approval of its plan prior to its implementation. The resulting cost reductions should be credited 100 percent to firm sales customers.

Q. PLEASE SUMMARIZE THE RECOMMENDATIONS AND COMMENTS MADE BY AG WITNESS CRANE IN THIS GSR DOCKET.

A. On Page 5, Lines 14-19, Page 6, Lines 1-19, and Page 7, Lines 1-7, AG Witness Crane provides the following summary of her recommendations and comments:

1. The Company's affiliate, Eastern Shore Natural Gas ("ESNG") has a direct financial interest in CUC – Delaware Division acquiring additional ESNG capacity, a situation that may not be in the best interests of ratepayers.

2. The Company's need for future capacity will be impacted by the outcome of the current proceeding before the PSC regarding the

Company's request to implement new charges to accelerate growth in eastern Sussex County, PSC Docket No. 12-292.

3. CUC – Delaware Division should continue to utilize the Long-Term Supply and Demand Strategic Plan ("Supply Plan") to identify the need for all new capacity additions well in advance of executing agreements for new capacity.

4. The Company should not enter into any new capacity agreements, either for ESNG capacity or for upstream capacity, without providing prior notification to DPA and Staff. If the additional capacity was not specifically identified in the most recent Supply Plan, then the parties should be notified of the need for the additional capacity prior to any agreements for such capacity being executed.

5. The Company has not kept the AG adequately informed about its Asset Management Agreement ("AMA") solicitation activities, thereby violating the spirit of the Settlement Agreement in PSC Docket 11-384F. Accordingly, the Commission should impose a penalty of $1,000 per day on the Company, effective December 27, 2012, until such time as the Company furnishes the parties with the required information and analysis.

6. The current AMA, which expires on March 31, 2013, is based on fixed revenue payments to the Company, a portion of which is currently allocated to shareholders. If the Company extends the current AMA or executes a new AMA that is based on fixed revenue payments, then 100% of the payments made to the Company should be credited to ratepayers.

7. The Company's gas hedging program is working well and should be continued for another year.

8. The Company's request to recover $50,000 associated with a review of the Gas Hedging Program by Planalytics should be denied.

9. The GSR factors proposed by CUC – Delaware Division in its Application should be approved, subject to true-up in next year's GSR filing for actual costs and recoveries. Actual costs should exclude the $50,000 for Planalytics referenced above.

Q. DOES THE COMPANY AGREE WITH THE RECOMMENDATIONS MADE BY BOTH STAFF WITNESS SMITH AND AG WITNESS CRANE

FOR DISALLOWANCE OF THE COSTS ASSOCIATED WITH PLANALYTICS?

A. No it does not. As noted in Ms. Kozel's Direct Testimony at page 13, and as more fully explained in the Company's Natural Gas Supply Procurement Plan Annual Report submitted on January 9, 2013, which is attached to Staff Witness Smith's Direct Testimony (confidential version) in this case, the Company engaged Planalytics as part of its commitment in the 2012 Settlement Agreement in Docket No. 11-384F to study the dollar cost averaging framework as an alternative to the current purchasing program. As noted in the Procurement Plan, the Planalytics EnergyBuyer software uses a financial and volumetric approach to dollar cost averaging and is utilized by a large number of reputable gas companies. The Company is currently testing the Planalytics software for the current GSR period in parallel with the Company's current hedging plan. Based on the results of this study, a decision can be made as to whether to utilize the Planalytics product. Analyzing the product is a reasonable course of action in light of our commitment to study alternatives to the current plan and, therefore, the reasonable cost of using the program for evaluation purposes should be recovered regardless of whether or not the Company ultimately implements the product to determine the timing and quantities of actual purchases.

Q. WOULD THE COMPANY LIKE TO ADDRESS STAFF WITNESS MIERZWA'S FINDINGS AND RECOMMENDATIONS REGARDING LOST AND UNACCOUNTED FOR ("LAUF") GAS?

A. Yes it would. First, the Company would like to clarify some of the Company's data used by Staff Witness Mierzwa in his direct testimony regarding the calculations of LAUF gas. On Page 5, Line 7, of his direct testimony, Staff Witness Mierzwa cites a five-year average of 3.86%. The 3.86% five-year average is the combination of unaccounted-for gas ("UFG"), pressure compensation, and company use gas as a percentage of total sales. This five-year average, including all three components, is only used to calculate the retainage charge to transportation customers and is not the figure used to calculate the level of recovery sought based on UFG on Schedule C.1 included in the attachments to the Company's original Application. The Company, on Sheet 42.3 of its Delaware Division tariff, defines UFG as "...the difference between total gas sales, billed and unbilled, and total gas send-out, *exclusive of company use gas and pressure compensated gas volumes.*" Therefore, the actual five-year average of UFG is 2.39% based on total sales and 2.30% based on total receipts or send-out. Please see Attachment JRT-1 which shows the calculation of these percentages.

Q. PLEASE CONTINUE.

A. Staff Witness Mierzwa goes on to state, on Page 5, Lines 15-16 of his direct testimony, that the Company's "...most recent LAUF experience for the TME July 31, 2012, was 5.50 percent...' Again, the Company would like to point out that the 5.50% also includes pressure compensation and company use gas. The Company's actual percentage of UFG, as stated on Page 21, Line 21 of my original direct testimony (and also shown on attachment JRT-1 to this rebuttal testimony) is 4.07% for the TME July 31, 2012. Although it is still above the target percentage of 3.2%, 4.07% is only slightly above the upper end of the dead-band range, or 3.7%.

Q. DOES THE COMPANY AGREE WITH STAFF WITNESS MIERZWA'S RECOMMENDATION THAT THE COMMISSION SHOULD NOT ACCEPT THE COMPANY'S CLAIM FOR INCREASED LAUF UNTIL ITS INVESTIGATION IS COMPLETE?

A. No, it does not. The Company, when preparing its GSR Application, recognized the increase in the level of UFG and began to investigate the source of the increase. Though no specific cause has been identified to date, the investigation has included replacement of certain connections and meters. The Company can report that for the twelve months ending March 31, 2013, the unaccounted for gas, as a percentage of receipts, has decreased to 3.22%, as shown on Attachment JRT-2. This number is very close to our target of 3.2% and well below the upper band of 3.7%.

In addition, when the Commission first approved the UFG targets, it accepted Staff's recommendation that a UFG percentage above the upper limit of the "dead band," or 3.7%, not result in penalties incurred through the GSR. (See Order No. 3648, dated July 20, 1993, as provided as an attachment to the Company's response to PSC-38.) Instead, Staff would consider the Company's UFG performance relating to the "dead band" at the Company's next rate case. Therefore, Staff Witness Mierzwa's recommendation that the UFG targets be used to penalize the Company through the GSR is contrary to Commission policy. In addition, for at least four years prior to this application, the Company's UFG has been below the lower end of the "dead band," which is 2.7%, yet the Company has not requested or received any award for "beating" the target range. Please see Attachment JRT-1.

I would also note that for the UFG projection for the current GSR period, the Company used a five-year average of 3.28% (which includes UFG, pressure compensation, and company use gas; volumes projected for pressure compensation and company use gas are then deducted from this to calculate projected UFG volumes for the upcoming GSR period). The 3.28% was the prior GSR Application's five-year average as a percentage of total send-out, without the impact from the higher 2011-12 UFG percentage. (The support for this was provided as attachments to the discovery response to PSC-1.) Therefore, if the Company's UFG percentage remains within the target range, as seen in the most recent numbers, then the 5-year average used for next year's GSR, like the average used in the current GSR, will see very little impact from the temporary increase in UFG that we have seen.

Q. ARE THERE ANY ADDITIONAL RECOMMENDATIONS MADE BY STAFF WITNESS MIERZWA THAT THE COMPANY WOULD LIKE TO DISCUSS OR CLARIFY?

A. Yes. Staff Witness Mierzwa makes two recommendations regarding the Company's capacity, both ESNG and upstream of ESNG. First, on Page 9, Lines 15-16, Staff Witness Mierzwa recommends that "...Chesapeake not acquire any additional ESNG capacity unless authorized to do so by the Commission." Second, on Page 10, Lines 21-24, Staff Witness Mierzwa recommends that "...Chesapeake be required to reduce its non-storage upstream pipeline capacity by 17,602 Dth. This would include releasing upstream capacity on a non-recallable basis and terminating contracts where feasible."

Q. DOES THE COMPANY AGREE WITH STAFF WITNESS MIERZWA'S RECOMMENDATION REGARDING THE ACQUISITION OF ADDITIONAL ESNG CAPACITY? PLEASE EXPLAIN.

A. No, it does not. The Company already has provisions in place by which it notifies the Settling Parties of future plans to acquire capacity (both ESNG and upstream of ESNG) that are adequate and have been working well.

The Company agreed, in the approved Settlement Agreement to PSC Docket No. 11-384F, that it would continue to utilize its annual Long-Term Supply and Demand Strategic Plan ("Supply Plan") as a mechanism by which to notify the Settling Parties of the need for all new capacity additions. Furthermore, the Company agreed that when it needs to acquire capacity that was not previously identified in its most recent Supply Plan, the Company would continue to provide prior notification and analysis to the parties for both ESNG and upstream capacity additions and allow for a 15-day comment period. The Company would note that AG Witness Crane, on Page 32 of her direct testimony, recommended that the Company continue to follow the approved procedure for notification of capacity acquisitions as described above. The Company does not agree that it is appropriate to seek Commission approval for the acquisition of new capacity, though the Company does recognize that the Commission has final authority regarding cost recovery for any capacity additions it may undertake.

Q. DOES THE COMPANY AGREE WITH STAFF WITNESS MIERZWA'S RECOMMENDATION TO ELIMINATE 17,602 DTH OF ITS UPSTREAM CAPACITY?

A. No, it does not. First of all, the Company does recognize certain items regarding the level of its upstream capacity as described by Staff Witness Mierzwa on Page 10 of his direct testimony. However, the Company notes the recent changes occurred after the TEAM 2012 capacity became available in November 2012, which is within the current GSR period. The Company does not agree that the recommendation made by Staff Witness Mierzwa is the appropriate solution. The Company believes it is not practical to release this upstream capacity on a permanent basis. The Company's service territory on the Delmarva Peninsula is isolated from the major interstate pipelines limiting the Company's opportunities to acquire additional capacity that will ultimately benefit its firm customers. Moreover, new pipeline capacity projects are taking an increasing amount of time to gain approval and the actual date of the implementation of service can be several years after a project is first proposed due to an evolving regulatory landscape. Many proposed projects are never constructed. The Company believes that retaining the contractual rights to the subject capacity is a prudent component of its Long-Term Supply and Demand Strategic Plan. Furthermore, the Company must be prepared for the possibility that a number of its firm transportation customers could switch to firm sales service. If this were to happen, the Company would be in the position of not having adequate capacity to meet the firm daily requirements of its firm sales service customers on a design day if the Company released the capacity as recommended by Staff Witness Mierzwa.

Q. DOES THE COMPANY HAVE A POTENTIAL ALTERNATIVE APPROACH FOR ADDRESSING THE STATED CONCERNS?

A. The Company, in discovery responses, noted that it intends to propose changes to its current transportation program mechanics for commercial and industrial customers to address the situation. The Company will make a regulatory filing with the Commission under a separate docket to address the situation and propose an alternative approach whereby transportation customers contribute a more appropriate portion of the cost of upstream pipeline capacity.

Q. WOULD THE COMPANY LIKE TO ADDRESS THE RECOMMENDATIONS MADE BY AG WITNESS CRANE REGARDING THE COMPANY'S ASSET MANAGEMENT AGREEMENT?

A. Yes, it would. First, on Page 6, Lines 9-11 of her direct testimony, AG Witness Crane argues that "the Company has not kept the AG adequately informed about its Asset Management Agreement ("AMA") solicitation activities, thereby violating the *spirit* of the Settlement Agreement in PSC Docket No. 11-384F." (emphasis added) AG Witness Crane goes on to suggest that "...the Commission should impose a penalty of $1,000 per day on the Company, effective December 27, 2012, until such time as the Company furnishes the parties with the required information and analysis." The Company does not agree with the statement that it violated the spirit of the Settlement Agreement in PSC Docket No. 11-384F.

It is important to note that AG Witness Crane does not assert that the Company violated the plain language of the Settlement Agreement. And in fact, the Company did not. The agreement required the Company to:

> "provide (on a confidential basis) Staff and DPA with (a) a copy of the RFP; (b) the number of entities receiving the Company's RFP; (c) the number of responses, (d) evaluation criteria relied upon by the Company; (e) analysis of bids; and (f) other documents as may be reasonably requested by Staff and DPA."

As of our April 22, 2013 meeting with the parties, the Company has met all of these requirements. Second, other than the Public Advocate, the only other signatories to the Settlement Agreement in PSC Docket No. 11-384F were the Company and Staff. Based on filed testimony, neither the Company nor Staff believes that the Company violated either the letter or the spirit of the agreement. Two of the three parties to the agreement, who were both intimately involved in the negotiations leading up to the agreement, do not consider the "spirit" of the agreement to call for anything other than what the Company actually did. It is neither reasonable nor fair to impose a penalty based on Ms. Crane's belief that Chesapeake, while complying with the terms of an agreement, did not comply with what Ms. Crane speculates was the "spirit" of the agreement.

Q. ON PAGES 16 AND 17 OF HER DIRECT TESTIMONY, AG WITNESS CRANE CITES THE SETTLEMENT AGREEMENT FROM PSC DOCKET

NO. 10-296F, WHICH REQUIRES THE COMPANY TO PROVIDE SOLICITATION INFORMATION "ON A ROLLING BASIS...AND PRIOR TO THE SELECTION BY THE COMPANY OF AN ASSET MANAGER." WAS THIS REQUIREMENT INCLUDED IN THE CURRENT AGREEMENT, FROM DOCKET NO. 11-384F?

A. No. The 2012 agreement from Docket No. 11-384F, which is at issue here, did not incorporate by its terms the 2011 agreement and did not use the same language requiring a "rolling" submission of documents. There is no reason, therefore, to believe that the "spirit" of the 2012 agreement was to submit documents on a rolling basis. In fact, the existence of the language in the 2011 agreement requiring a "rolling" submission demonstrates that, if the parties had wanted a rolling submission with this agreement, they certainly knew how to include it in the agreement - but chose not to.

In addition, without addressing whether this is an appropriate docket for the Commission to levy penalties, the Company believes that no penalties are warranted because the 2012 Settlement Agreement was adhered to by the Company

Q. DOES AG WITNESS CRANE MAKE ANY OTHER RECOMMENDATIONS REGARDING THE COMPANY'S ASSET MANAGEMENT AGREEMENT ACTIVITIES?

A. Yes. On Page 21 of her direct testimony, AG Witness Crane recommends that if "...the [new] AMA provides for a fixed payment from the Asset Manager, then 100% of the resulting payment should be credited to ratepayers." Her reasoning for this is that "...if an AMA contains a fixed fee payment, then the utility's actions will have no impact on the revenues received for release of capacity. In that case, there should be no sharing [to the shareholders] since the actions of the utility are not going to affect the credit applied to the GSR."

The Company submits that AG Witness Crane's statements are not accurate, and therefore does not agree with her recommendation that the sharing mechanism for the Asset Management fee between ratepayers and shareholders should be modified. As stated in its presentation given to the parties regarding its Asset Management solicitation activities, the Company's new AMA (effective April 1, 2013) does contain a fixed payment arrangement similar to the previous AMA. However, the Company's actions in both structuring the AMA and negotiating the AMA had a positive impact on the amount of the fixed monthly fee that is agreed upon between the Company and its Asset Manager. The sharing approach was designed to provide the Company with an extra incentive to maximize the benefits under any future AMA. Such sharing arrangements are common in public utility regulation. Because the Company's actions do affect the amount recovered, the current sharing mechanism is appropriate.

It is important to note that the fact that the AMA payments are fixed rather than variable have nothing to do with whether the Company's actions during the term of the AMA impact the level of payments received under the AMA. After the AMA is in place, the Company cannot impact the level of variable payments made any more than it can the fixed payments. Under a variable payment or margin sharing arrangement, the level of revenues is solely dependent upon how effective the Asset Manager is at utilizing the Company's portfolio of assets; in fact, there is no guarantee that a fee would be received every month.

Q. DOES AG WITNESS CRANE MAKE ANY STATEMENTS REGARDING THE COMPANY'S AMA THAT THE COMPANY WOULD LIKE TO CLARIFY?

A. Yes. On Pages 22 and 23 of her direct testimony, AG Witness Crane states that, at the time of her testimony, she was unsure if the Company's new AMA would include language that prohibited the Asset Manager from re-releasing the Company's capacity, which it agreed to include in the Settlement Agreement to PSC Docket No. 11-384F. The Company would like to point out that, although it was not in the original RFP, the final AMA did include language that prohibits the Asset Manager from re-releasing the Company's capacity. The parties were provided with a copy of the AMA on or about April 22, 2013.

Q. ARE THERE ANY ADDITIONAL COMMENTS MADE BY AG WITNESS CRANE IN HER TESTIMONY THAT THE COMPANY WOULD LIKE TO ADDRESS?

A. Yes. On Page 15 of her direct testimony, AG Witness Crane states that the Company did not "...provide a recommendation regarding whether or not to adopt dollar cost averaging." The Company provided in its Natural Gas Procurement Plan, filed on January 9, 2013, the results of its analysis of dollar cost averaging versus its currently approved hedging plan. The results of the analysis showed that the difference between the two methodologies was insignificant, which would not support a change at this time. Therefore, to clarify the Company's position, we agree with the AG and Staff that no change is warranted at this time and we recommend that the Company continue to hedge under its currently approved guidelines pending the finalization of our analysis of the Planalytics product.

Q. DOES THE COMPANY AGREE WITH ANY OF THE RECOMMENDATIONS MADE BY STAFF WITNESS SMITH?

A. Yes. The Company agrees with Staff Witness Smith's recommendation, as noted on Page 5, Lines 13-15 of his direct testimony, that "...Staff recommends that the Commission approve the GSR and firm balancing rates as submitted by the Company. Staff finds that the rates are just and reasonable and are in the public interest."

Q. DOES THE COMPANY AGREE WITH ANY OF THE RECOMMENDATIONS OR COMMENTS MADE BY AG WITNESS CRANE?

A. Yes. On Pages 5 through 7 of her direct testimony, AG Witness Crane makes the following recommendations and/or comments with which the Company agrees.

1. The Company's need for future capacity will be impacted by the outcome of the current proceeding before the PSC regarding the Company' request to implement new charges to accelerate growth in eastern Sussex County, PSC Docket No. 12-292.

2. CUC – Delaware Division should continue to utilize the Long-Term Supply and Demand Strategic Plan ("Supply Plan") to identify the need for all new capacity additional well in advance of executing agreements for new capacity.

3. The Company's gas hedging program is working well and should be continued for another year.

AG Witness Crane also makes the following recommendation to which the Company agrees only in part:

4. The GSR factors proposed by CUC – Delaware Division in its Application should be approved, subject to a true-up in next year's GSR filing for actual costs and recoveries. Actual costs should exclude the $50,000 for Planalytics referenced above.

The Company agrees with the statement that the GSR factors proposed in this filing should be approved. However, the Company would like to note that it does not agree that it should be denied recovery of the $50,000 Planalytics cost included in this GSR filing (for reasons mentioned earlier in my rebuttal testimony), and therefore no adjustment should be necessary in next year's GSR filing.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?
A. Yes, it does.

DATED: May 2, 2013

STATE OF DELAWARE)
)
COUNTY OF KENT)

AFFIDAVIT OF JEFFREY R. TIETBOHL

JEFFREY R. TIETBOHL, being first duly sworn according to law, on oath deposes and says that he is the witness whose testimony appears as "Chesapeake Utilities Corporation, Delaware Division, Rebuttal Testimony of Jeffrey R. Tietbohl;" that, if asked the questions which appear in the text of the rebuttal testimony, he would give the answers that are therein set forth; and that he adopts this testimony as his sworn rebuttal testimony in these proceedings.

Jeffrey R. Tietbohl
Jeffrey R. Tietbohl

Then personally appeared this 2nd day of May, 2013 the above-named Jeffrey R. Tietbohl and acknowledged the foregoing Testimony to be his free act and deed. Before me,

REBECCA S. KILLEN
NOTARY
PUBLIC
MY COMMISSION
EXPIRES ON
08-07-14
STATE OF DELAWARE

Rebecca S. Killen
Notary Public
My Commission Expires: 8-7-2014

Chesapeake Utilities Corporation
Delaware Division
Unaccounted For and Company Use

Twelve Months Ended	Total Receipts (Mcf)	Total Sales (Mcf)	UFG, Pressure Compensation, and Company Use (Mcf)	Company Use (Mcf)	Pressure Compensation (Mcf)	Unaccounted For Gas (Mcf)	Unaccounted For Gas as % of Sales	Unaccounted For Gas as % of Receips	UFG, Pressure Compensation, and Company Use as % of Sales	UFG, Pressure Compensation, and Company Use as % of Receipts
31-Jul-12	6,363,499	6,013,586	349,913	1,134	89,814	258,965	4.31%	4.07%	5.82%	5.50%
31-Jul-11	6,762,462	6,544,647	217,815	1,427	97,747	118,641	1.81%	1.75%	3.33%	3.22%
31-Jul-10	5,770,935	5,606,948	189,723	1,421	83,741	78,825	1.41%	1.37%	3.38%	3.29%
31-Jul-09	5,483,767	5,294,044	182,554	2,096	79,071	108,556	2.05%	1.98%	3.45%	3.33%
31-Jul-08	4,950,323	4,767,770	148,518	1,593	71,211	109,750	2.30%	2.22%	3.12%	3.00%
	29,330,986	28,226,995	1,088,523	7,671	421,584	674,737	2.39%	2.30%	3.86%	3.71%

Chesapeake Utilities Corporation
Delaware Division
Unaccounted For, Company Use & Pressure Compensation Gas Volumes
Twelve Months Ended March 31, 2013

Month	(1) Total Receipts (Mcf)	(2) Total Sales and Transportation (Mcf)	(3) Unaccounted For, Pressure Compensation and Company Use (Mcf)	(4) Company Use (Mcf)	(5) * Pressure Compensation (Mcf)	(6) Unaccounted For Gas (Mcf)
April-12	497,327	493,399	3,928	64	7,369	(3,505)
May-12	373,234	397,123	(23,889)	34	5,931	(29,854)
June-12	312,351	330,337	(17,986)	10	4,934	(22,930)
July-12	291,806	284,839	6,967	15	4,254	2,698
August-12	331,523	327,291	4,232	24	4,888	(680)
September-12	361,368	339,007	22,361	43	5,063	17,255
October-12	433,822	391,524	42,298	44	5,848	36,406
November-12	833,877	665,443	168,434	120	9,939	158,375
December-12	863,747	807,940	55,807	133	12,067	43,607
January-13	1,100,332	1,014,064	86,268	293	15,146	70,829
February-13	1,041,581	1,065,166	(23,585)	322	15,909	(39,816)
March-13	987,847	966,315	21,532	332	14,432	6,768
Total	7,428,815	7,082,448	346,367	1,434	105,780	239,153

Unaccounted For and Company Use as % of Sales (Column 3 / Column 2)	4.89%
Unaccounted For as % of Receipts (Column 6 / Column 1)	3.22%

* Represents calculation to pressurize gas delivered from the ESNG transmission pipeline to a standard pressure.